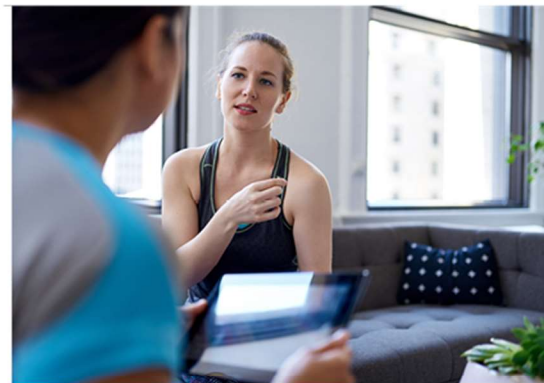


Association
chiropratique
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Canadian
Chiropractic
Association

Department of Finance Canada Capital Gains Inclusion Rate and Lifetime Capital Gains Exemption consultation



September 2024

Submitted by:

The Canadian Chiropractic Association



Background

The Canadian Chiropractic Association (CCA) is the national association representing more than 9,000 licensed Doctors of Chiropractic across Canada. The CCA advocates on issues that impact the musculoskeletal health of Canadians.

Chiropractors are one of Canada's largest primary contact healthcare professions and experts in the assessment, diagnosis, and treatment of musculoskeletal (MSK) conditions, such as back pain, headaches, arm or neck strain and diseases of the muscle and joints, as well as the management of pain caused by these conditions.

Each year, **more than 11 million Canadians** suffer from musculoskeletal conditions and by 2031 this number is projected to **grow to an alarming 15 million.**ⁱ Musculoskeletal conditions are having a devastating impact on the health, quality of life, and workforce participation of Canadians, as well as on Canada's economy.

According to the World Health Organization (WHO), MSK conditions, specifically low back pain, are **the leading cause of disability** around the globe, and is more prevalent than cancer, stroke, heart disease, diabetes, and Alzheimer's Disease, **combined.**

According to Health Canada, the total direct (healthcare) and indirect (lost production) cost of chronic pain in 2019 was \$38.2 - \$40.3 billion. Over the next decade the total cost is expected to increase by 36.2 per cent and reach \$55 billion.ⁱⁱ

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Canada's chiropractors play a vital role in our healthcare system, providing essential services to over 4.7 million Canadians each year. Our members are deeply concerned about the proposed increase to capital gains tax inclusion rate announced in the 2024 federal budget. Specifically, the implications for healthcare professionals who run small businesses and the significant barriers this will have both on the future growth of their businesses, and the detrimental impacts this will have on their patients and ability to access healthcare services.

Many chiropractic clinics, 66% of our membership to be specific, have incorporated their practices and/or healthcare clinics as a means of efficiently delivering health services. Fifty-four percent of chiropractic clinics are multidisciplinary clinics that employ physiotherapists, massage therapists, and other healthcare professionals. By imposing higher taxes on the returns generated from these investments, the government risks undermining the financial stability of the clinics which provide care for millions of Canadians.

The increase in the capital gains inclusion rate for corporations from one-half to two-thirds risks stifling innovation and entrepreneurship within the chiropractic profession. Higher taxes on capital gains will reduce the resources available for healthcare professionals to invest in new equipment, technology, and training, ultimately limiting their ability to adapt to evolving patient needs and deliver optimal healthcare outcomes. Community healthcare clinics may be forced to pass on the cost of the capital gains tax to their patients. This tax measure, while intended to ensure fairness, may inadvertently place a heavier financial burden on those who have invested significantly, in serving their communities through small, often rural or underserved areas.

At a time when primary care access is under significant strain, governments must use every possible tool to support the recruitment and retention of health professionals. The timing of the proposed changes will not only add additional financial burden on healthcare providers, but may also disincentivize individuals, students, and new graduates from establishing new practices, especially in rural and underserved areas.

Increasing the capital gains tax inclusion rate for incorporated healthcare clinics will also create another barrier to retaining and recruiting chiropractors into the healthcare system. At a time when there is an opioid epidemic and a health human resource crisis both prevalent in this country, we need all professions to be working together. Musculoskeletal conditions are among the most prevalent and costly of chronic conditions, and one of the leading causes for emergency room visits.ⁱⁱⁱ Canadians suffering from back pain and neck pain are often prescribed opioids as the first line of treatment. In fact, low back pain is one





of the primary causes for over-use of prescribed opioids.^{iv} Chiropractors are spine, muscle and nervous system experts, and have the necessary training and expertise to diagnose and treat musculoskeletal conditions including low back pain. The government risks undermining the financial stability of clinics or incentives to open new clinics, which would decrease access to non-pharmacological pain management alternatives during this opioid crisis.

Furthermore, the proposed increase in the capital gains tax will deter investment in the Canadian economy at a time when it is most needed for recovery and growth. Small businesses, including chiropractic clinics, are engines of economic activity and job creation. By imposing higher taxes on the returns generated from these investments, the government risks undermining the very businesses that are essential to rebuilding our economy post-pandemic.

We appreciate the government's efforts to balance economic measures and support entrepreneurs. However, we strongly urge the Department of Finance to consider the unique circumstances of the healthcare professionals we represent, who may not have the same financial backing or retirement safety nets as other professionals.

We urge the Government of Canada and Department of Finance to reconsider its proposal to increase the capital gains tax to exempt incorporated healthcare clinics, and instead focus on measures that support community clinics, encourage innovation, and foster economic prosperity. We believe that a thriving chiropractic profession is essential to the health and well-being of Canadians, and we stand ready to work collaboratively with the government to achieve these shared goals.

We are committed to working collaboratively with the Government of Canada to find balanced solutions that support both our healthcare system and the financial security of healthcare providers.

ⁱ Canadian Orthopaedic Care Strategy Group. (2019). Backgrounder Report: Building a Collective Policy, Agenda for Musculoskeletal Health and Mobility.

ⁱⁱ Canadian Pain Task Force, An Action Plan for Canada, Health Canada, May 2021. <https://www.canada.ca/en/health-canada/corporate/about-health-canada/public-engagement/external-advisory-bodies/canadian-pain-task-force/report-2021.html>

ⁱⁱⁱ Office of the Prime Minister, Mandate letter to the Minister of Employment, Workforce Development and Disability Inclusion, December 16, 2021. <https://pm.gc.ca/en/mandate-letters/2021/12/16/minister-employment-workforce-development-and-disability-inclusion>

^{iv} Canadian Institute for Health Information, Health Care in Canada Report, 2002.

